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Report Highlights:

Canadian Inspection Officials Detect BSE in Alberta * Impact of U.S. Ban on Canadian Cattle and Beef,
More than \$6.3 Million a Day * Canadian Ag Officials Slam U.S. Farm Bill, Defend Supply Management *
One-Third of the Saskatchewan 2003 Crop Seeded

* West Nile Found in Crow in Ottawa * Billions Sought to Expand St. Lawrence Seaway ... and MORE!

Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA'S INVESTIGATION INTO BOVINE SPONGIFORM ENCEPHALOPATHY (BSE), OR MAD COW: Readers are advised that developments in Canada's investigation of BSE are occurring daily if not hourly. The summary information below is believed to be accurate at the time of writing. Current updates are available on the USDA, the FDA and Canadian Food Inspection Agency websites.

CANADIAN INSPECTION OFFICIALS DETECT BSE IN ALBERTA: On May 20, 2003 the Canadian Food Inspection Agency (CFIA) announced it quarantined an Alberta farm in an investigation of a single case of bovine spongiform encephalopathy (BSE), commonly known as mad cow disease. The CFIA and the Province of Alberta are investigating the animal's origin and how its remains were processed. A 6 to 8 year old cow showing signs of illness was sent for slaughter to a provincially licensed meat facility and was condemned by Alberta meat inspectors who declared it unfit for human consumption. According to Canadian authorities, no meat from the animal entered the food chain. Its remains were sent for rendering. BSE has been a reportable disease in Canada since 1990. Previously, a single case of BSE was diagnosed in Canada in 1993 in a beef cow that had been imported from Britain in 1987.

USDA ANNOUNCES IMMEDIATE BAN ON RUMINANTS AND RUMINANT PRODUCTS FROM CANADA AND SENDS VETERINARY EXPERTS: Immediately after Canada confirmed the BSE incident in Alberta, Agriculture Secretary Ann Veneman announced that the U.S. had placed Canada under its BSE restriction guidelines and will not accept any ruminants or ruminant products from Canada pending further investigation. Veterinary experts from the USDA arrived in Canada May 21st. They will work with Canadian counterparts at CFIA's Winnipeg laboratory and in the field investigations. At last report, over ten farms had been quarantined as part of the CFIA attempt to trace the source of the infection. Animal and Plant Health Inspection Service (APHIS) officials indicate that the investigation is likely to expand.

OTHER COUNTRIES JOIN BSE BAN: So far, Australia, Japan, and South Korea, have joined the United States in banning imports of Canadian beef. New Zealand was reportedly tracing any Canadian cattle imports but hadn't declared a ban. According to press reports, the European Union said it would not ban Canadian beef. However, Canada only exported about 427 metric tons of beef to the EU15 last year accounting for a small fraction of Canadian beef exports. Canada is expected to make representation to those foreign governments which Canada believes have broadened the scope of their prohibition beyond the World Organization for Animal Health (OIE) list. **IMPACT OF U.S. BAN ON CANADIAN CATTLE AND BEEF, MORE THAN \$6.3 MILLION A DAY:** Total Canadian beef and cattle exports to the world exceed \$2.9 billion annually. Of total Canadian agricultural exports to the United States of \$10.3 billion during 2002, Canadian exports of live cattle, beef, and edible beef offal totaled \$2.3 billion and accounted for a 21.5% share of total. The impact of the U.S. ban on Canadian cattle and beef is at least \$6.3 million per day. The dollar impact is greater when the full list of banned imports is considered; sheep and lambs, certain pet foods, etc.

CANADIAN AG OFFICIALS SLAM U.S. FARM BILL, DEFEND SUPPLY MANAGEMENT: At a May 9 House of Commons Standing Committee meeting, officials from Agriculture and Agri-Food Canada (AAFC) targeted the U.S. Farm Bill while defending supply management, reported the May 15 *Western Producer*. Officials insisted Canada's positions at World Trade Organization talks and against the U.S. farm bill are defensible. Michael Keenan, AAFC Director General for research and analysis, told Canadian Members of Parliament that the Agricultural Policy Framework (APF) is aimed at stabilizing income, increasing competitiveness and moving farmers away from subsidy dependence. "The farm bill is without question bad agriculture policy," he said. "It disrupts marketing. It distorts production....The U.S. farm bill is moving backwards to more commodity specific, distorting policies." Steve Verheul, Canada's chief negotiator for agriculture, said Canada's support of supply management is defensible because it prefers to expand trade in dairy, poultry and egg by increasing minimum access guarantees to allow managed imports rather than reducing over-access tariffs to make import levels less predictable. Canada's proposals for domestic subsidy cuts, access improvements and an end of export subsidies represent a

reasonable middle ground that could attract support from more extreme positions, he said.

2002/03 WHEAT, DURUM AND BARLEY PROS DECLINE: On May 22, the Canadian Wheat Board (CWB) released its Pool Return Outlook (PRO) for the 2002/03 crop year. Wheat values range from C\$2-\$7 per tonne lower compared to the March PRO for 2002/03. Durum values range from C\$12-\$15 per tonne lower. Feed barley values are C\$5 per tonne lower and malting barley values are C\$2 per tonne lower. For a complete listing of the 2002/03 PROs, visit:

http://www.cwb.ca/db/contracts/pool_return/pro.nsf/WebPRPub/2002_20030522.html

2003/04 PROS DECLINE AS PRESSURE CONTINUES FROM STRONG CANADIAN DOLLAR: On May 22, the Canadian Wheat Board (CWB) released its monthly Pool Return Outlook (PRO) for the 2003/04 crop year. Citing the stronger Canadian dollar and increased production, wheat values are C\$3 per tonne lower compared to the April PRO for 2003/04. Durum values range from C\$3-\$7 per tonne lower. Feed barley values are C\$3 per tonne lower while malting barley values range from C\$4-\$5 per tonne lower. For a complete listing of the May 2003/04 PROs, visit:

http://www.cwb.ca/db/contracts/pool_return/pro.nsf/WebPRPub/2003_20030522.html

ONE-THIRD OF THE SASKATCHEWAN 2003 CROP SEEDED: Nearly one-third of the 2003 crop has been seeded, according to Saskatchewan Agriculture, Food latest weekly crop report. Producers have seeded 32% of the 2003 crop, behind the five-year (1998-2002) average of 59%. Seeding is most advanced in the west central region with 45% of the crop in the ground. The southeast region is least advanced with only 19% of the crop seeded, a delay caused by surplus topsoil moisture. The southwest and east central regions are also experiencing topsoil moisture surpluses in fields. Despite continued moisture surpluses, southeast, southwest and east central regions enjoyed some drying winds during the past week, although some east central areas saw showers and snow. Cold temperatures and overnight frosts continue to be a problem for farmers in all regions of the province. Some producers are waiting for warmer weather and drier fields before they continue seeding and field work. Although the constant wind is helping to dry surplus topsoil moisture, it is slowing spraying progress.

On May 20, the Canadian Wheat Board (CWB), in its weekly *Bulletin*, noted that seeding progress continues to be hindered by wet and cool conditions in parts of Alberta and Saskatchewan. Spring wheat planting is around 40% complete across the Prairies, compared to an average of 60%. In Manitoba, however, spring wheat planting is already wrapping up, far ahead of average.

WEST NILE FOUND IN CROW IN OTTAWA: According to the May 22 *Globe and Mail*, the discovery of the carcass of a crow in Ottawa not far from the prime minister's residence and Parliament Hill is increasing concern that the deadly West Nile virus is hitting Canada earlier this year than in the past. Health authorities announced that the virus was detected in a dead crow found in the nation's capital last week. But officials also cautioned against alarm at the discovery of the second dead bird in Ontario in as many months carrying the virus that killed 17 people in the province last year. "This is earlier than last year, which is a concern," said Geoff Dunkley, Ottawa's associate medical officer of health. "But in and of itself, it's isolated, it's not really a risk right now." Last year, dead crows were discovered in Ottawa much later in the summer, he said. Four dead birds were discovered with the virus in Ottawa last year. Robert Cushman, the city's chief medical officer of health, told a news conference in Ottawa preliminary findings indicated the presence of the virus, later confirmed in two tests. The virus has been confirmed in a number of areas across the country this spring. Last month, a dead bird found in Newmarket, Ontario, near Toronto, tested positive for West Nile. The virus has been detected in mosquitoes, birds and horses in Saskatchewan, Manitoba, Quebec and Nova Scotia.

BILLIONS SOUGHT TO EXPAND ST. LAWRENCE SEAWAY: According to the May 20 *Globe and Mail*, U.S. and Canadian officials are considering whether to spend tens of billions of dollars to open the Great Lakes to oceangoing ships and the international commerce they could bring. Backers say the expense would be worthwhile because of the economic growth that would be generated by expanding the 44-year-old, 3,700-kilometre Great Lakes St. Lawrence Seaway system. To open the system to the largest ships now in use, authorities would have to spend billions of dollars to rebuild locks and deepen shipping channels at many points along the route. U.S. and Canadian transportation officials agreed this month to a multiyear effort to calculate the costs of both basic repair and large-scale expansion of the shipping system. Great Lakes ports never handled much beyond core cargoes of grain, rock and ore, in part, because large, oceangoing ships outgrew the St. Lawrence Seaway almost as soon as it opened. Great Lakes ports move 200 million tonnes of cargo a year, providing about 67,000 jobs and generating

about \$5-billion in annual income, according to the U.S. Army Corps of Engineers.

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CA3021	Grain and Feed Annual Report	4/11/2003

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